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PUBLIC HEARING SIGN-UP SHEETDATE/TIME: March 6, 2007 @ 6:00 PMSTAFF: 2C, KKS, KHCITY/ISLAND: Oahu, HIPLACE/ADDRESS: Kawananakoa Middle School Cafeteria, 49 Funchal StreetDKT.NO./APPLICANT: Dkt. No. 2006-0386, HECOSUBJECT: For Approval of Rate Increases and Revised Rate Schedules and Rules**(PLEASE PRINT)**

	NAME	ORGANIZATION/ADDRESS
1.	Robert Alm	HECO
2.	Catherine Awakuni	CA
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Hawaiian Electric Company
Public Hearing Statement
Docket No. 2006-0386
HECO Application for a Rate Increase

March 6, 2007
Prince David Kawananakoa Middle School Cafeteria

Introduction

Good evening Chairman Caliboso, Commissioner Cole and members of the audience. My name is Robbie Alm and I am Senior Vice President of Public Affairs at Hawaiian Electric Company.

Let me begin by thanking all of our customers who came tonight to share their thoughts. It is important for us to know what is important to all of you.

We know that any rate increase is not a happy event for any customer and we, therefore, never make the decision to apply for one lightly. We also, however, need to do the right things by our system, especially in maintaining reliable service, and unfortunately, that sometimes means rate increases.

Literally billions of dollars have been invested in the current Hawaiian Electric facilities. We have an obligation to keep that system maintained and in good working order for our customers; and we will do so.

So with that as a background, let me discuss the specifics of this particular rate increase.

Tonight, I will briefly cover how much of an increase we are asking for, what the increase will be used for, and how it will affect customer bills. In particular, I want

to explain the innovative new rate structures we are proposing to help minimize the impact on lower income families and those who conserve energy.

How much of an increase is HECO requesting and how will it be structured?

HECO is requesting an overall net increase of 7% or \$99.6 million in base revenues. However, we have proposed opportunities for customers to save money and to fairly shift more of the responsibility to those who contribute the most to high electricity costs.

First, we are asking the Commission to approve a residential tiered rate structure so those who use less electricity will pay lower rates. Under this plan, the majority of Oahu residents will see smaller monthly increases in their electric bill, in the range of 3% to 6%. Those who use a lot of electricity will see larger increases in their monthly bill, for example, approximately 13% for a residence using 3,000 kWh. This new tiered system encourages energy conservation and efficiency and rewards customers who use energy wisely. We have proposed similar rate structures for the Big Island and Maui County.

At the same time, recognizing that some low-income families have large households with higher electricity use, we are also developing a provision to cap the electric rate applied for certain low-income households so that the tiered rate system does not unduly burden these families.

Second, to encourage use during off-peak times when power generation reserves are greater, the proposal also includes a voluntary time-of-use rate option for residential and commercial customers, which would provide lower electric rates for off-peak usage times and higher electric rates for peak usage times.

Why is a rate increase needed?

The major reasons for this requested increase are not glamorous, but they are critical. The requested increase would cover over a quarter of a billion dollars of investments in new capital projects completed in 2006 or expected to be completed in 2007, as well as higher operating and maintenance costs. Among the major reliability investments are:

- A new state-of-the-art System Operations Dispatch Center and Energy Management System which monitors and manages the entire Oahu electric system. Combined with a new Outage Management System which will go into service later this year, the improvements can help us pinpoint and troubleshoot outages faster,
- Facilities for distributed generating ("DG") units dispersed at HECO substations and other company facilities around the island; the DG units provide needed additional power generating capacity and have been valuable in helping us cope with our tight generation reserve margins,
- New substations (and related lines) to support growth and improve service,
- Replacement and upgrade of underground lines serving part of Waikiki to improve reliability,
- Boiler upgrades and other upgrade or replacement projects to increase reliability of existing generating units, and
- Investments in overhead and underground cables, as well as transformers, poles, meters, communication equipment and other

facilities to maintain reliable service and fulfill new service requests from customers.

Increasing maintenance costs include costs for more frequent inspections of utility lines and poles, increased vegetation management and servicing of generators, which have been running harder and longer as power generation reserve margins have narrowed over time.

What is the effect of the rate increase on customer bills?

What most of our customers will want to know is "how will this increase affect my electric bill?" If approved, HECO's tiered-rate structure would provide smaller percentage increases for those who use less electricity. For example, if the full request is approved, a "typical" residential customer using 600 kWh a month would pay \$6.80 more, or a 6% increase instead of the overall 7% increase.

Again, the tiered system we are proposing is intended to encourage conservation and lessen the impact on residential customers who use smaller amounts of electricity. If approved, we anticipate the earliest a rate increase might take effect is in late 2007.

Conclusion

Thank you for this opportunity to briefly describe our rate increase application. As I mentioned earlier, we will be available after the public hearing to answer your questions and concerns.

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**PUBLIC HEARING
HAWAIIAN ELECTRIC COMPANY, INC.
DOCKET NO. 2006-0386**

**Presentation of Catherine P. Awakuni, Executive Director
Division of Consumer Advocacy
Tuesday, March 6, 2007, 6:00 P.M.
Prince David Kawananakoa Middle School Cafeteria**

Good evening Chairman Caliboso and Commissioner Cole. I am Catherine Awakuni, Executive Director of the Division of Consumer Advocacy ("Consumer Advocate"). The Consumer Advocate represents the interests of the consumers in public utility matters. To that end, I am here this evening to listen to the consumers' comments and concerns regarding the request of Hawaiian Electric Company, Inc. ("HECO") for approval to increase its rates and revise its rate schedules.

The Consumer Advocate's role is to represent the interests of all Hawaii consumers of public utility services by advocating for reliable utility services at reasonable customer costs. To do this, the Consumer Advocate is taking an independent look at HECO's request for Public Utilities Commission ("Commission") approval of its rate increase. We will confirm whether there is a need for the proposed rates and whether the rates proposed are necessary to ensure the provision of reliable service. After completing our review, we will file direct testimonies with the Commission explaining our analysis and recommendations. At this time, the Consumer Advocate has not completed its analysis and is not able to state its position on the merits of HECO's request this evening.

If this application goes to an evidentiary hearing, the Consumer Advocate's analysts and consultants who submit direct testimony will have an opportunity, as witnesses, to orally summarize their written testimony before the Commission, and because an evidentiary hearing is a quasi-judicial proceeding, the witnesses will be subject to thorough

cross-examination by all parties. Following the contested case hearing, the parties will summarize their positions in post hearing briefs.

The Commission will ultimately decide whether to allow HECO to proceed with its request and we encourage the public to express their opinions to the Commission regarding HECO's proposal. Your input is important because only you can tell us what effect the company's proposal may have on you and the businesses you may represent.

As we move forward, please feel free to contact the Consumer Advocate's office at anytime to share your thoughts, concerns, and questions regarding this or any other utility matter.

Thank you for the opportunity to make this presentation.

Contacts for the Division of Consumer Advocacy:

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TESTIMONY BEFORE THE HAWAII PUBLIC UTILITIES COMMISSION

Mr. Carlito P. Caliboso, Chairman
Mr. John E. Cole, Commissioner

March 6, 2007

Testimony of Saori Takahashi
6845 Hawaii Kai Drive
Honolulu, HI 96825
saorit@hawaii.edu

RE: Rate Increase Request for 2007, Docket No. 2006-0386

I am writing in opposition to the general rate increase but in support of the tiered rate structure proposed under Docket No. 2006-0386.

The reason why I oppose the general rate increase is because I do not believe that all the maintenance projects listed in the December Press Release are necessary. First of all, I have concerns about the new System Operations Dispatch Center and Energy Management System and the Outage Management System. I understand that HECO was under a lot of pressure to restore power to Oahu during the outage caused by the 2006 earthquake. However, as stated earlier, I am not sure if these systems are necessary.

According to the outage report compiled by Power Engineers, Inc. and released on December 28, 2006, one of the main reasons Oahu's electrical system suffered the way it did was because the mercury switches on generating units Kahe 5 and Kahe 6 falsely sensed "Low-Low Fluid Level" due to the seismic action of the earthquake. As a result, a "Low Fluid Level Lockout" occurred, causing the loss of power from those generators. If I understand correctly, the proposed systems would not help prevent an outage caused by an earthquake, but instead enable HECO to react faster to the outages. Like Power Engineers, I personally thought that HECO acted reasonably in the manner in which it restored power. Even though power did not get restored as quickly as many would have liked, we only lost power for one day. Earthquakes of the magnitude we had in October do not happen often. I did not mind the power outage and I do not think one day of lost electricity, or the possibility of another outage sometime in the future, warrants spending millions of dollars on an upgrade that is ultimately not necessary.

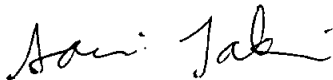
I am assuming that these new systems would also help HECO respond to everyday outages much quicker. However, my personal opinion is that HECO already does a good job responding to everyday outages. There are occasionally power outages at my home but they never last very long. I believe that equipment should be adequately maintained in order to avoid having to pay huge costs down the line. However, I do not

think we should be spending money on upgrades if what we already have in place is working fine.

If the other improvements listed in the December Press Release will help save costs down the line, then I understand that it would be better in the long run to make the improvements now. However, if these improvements are not necessary, they I do not think they should be made. Hawaii residents already pay one of the highest rates in the country. It is not fair to increase rates for unnecessary improvements.

As for the tiered rate structure, I believe it is a good idea because those who use more should pay more. I also believe that it will encourage people to conserve electricity...I am already trying to cut the amount of time I spend in the shower. Therefore if a rate increase must be implemented, I would hope that the rates follow a tiered structure. Thank you for your time.

Sincerely,

A handwritten signature in cursive script, appearing to read "Saori Takahashi".

Saori Takahashi